

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985,
c. C-36, AS AMENDED

BETWEEN:

**MINISO INTERNATIONAL HONG KONG LIMITED, MINISO
INTERNATIONAL (GUANGZHOU) CO. LIMITED, MINISO LIFESTYLE
CANADA INC., MIHK MANAGEMENT INC., MINISO TRADING
CANADA INC., MINISO CORPORATION and GUANGDONG SAIMAN
INVESTMENT CO. LIMITED**

PETITIONERS

AND:

**MIGU INVESTMENTS INC., MINISO CANADA INVESTMENTS INC.,
MINISO (CANADA) STORE INC., MINISO (CANADA) STORE ONE
INC., MINISO (CANADA) STORE TWO INC., MINISO (CANADA)
STORE THREE INC., MINISO (CANADA) STORE FOUR INC., MINISO
(CANADA) STORE FIVE INC., MINISO (CANADA) STORE SIX INC.,
MINISO (CANADA) STORE SEVEN INC., MINISO (CANADA) STORE
EIGHT INC., MINISO (CANADA) STORE NINE INC., MINISO
(CANADA) STORE TEN INC., MINISO (CANADA) STORE ELEVEN
INC., MINISO (CANADA) STORE TWELVE INC., MINISO (CANADA)
STORE THIRTEEN INC., MINISO (CANADA) STORE FOURTEEN INC.,
MINISO (CANADA) STORE FIFTEEN INC., MINISO (CANADA) STORE
SIXTEEN INC., MINISO (CANADA) STORE SEVENTEEN INC., MINISO
(CANADA) STORE EIGHTEEN INC., MINISO (CANADA) STORE
NINETEEN INC., MINISO (CANADA) STORE TWENTY INC., MINISO
(CANADA) STORE TWENTY-ONE INC., MINISO (CANADA) STORE
TWENTY-TWO INC. and 1120701 B.C. LTD.**

RESPONDENTS

FIFTH REPORT OF THE MONITOR

ALVAREZ & MARSAL CANADA INC.

OCTOBER 11, 2019

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1.0 INTRODUCTION

- 1.1 On July 12, 2019, on the application of Miniso International Hong Kong Limited, Miniso International (Guangzhou) Co. Limited, Miniso Lifestyle Canada Inc., MIHK Management Inc., Miniso Trading Canada Inc., Miniso Corporation and Guangdong Saiman Investment Co. Limited (collectively, the “**Petitioners**”), the Supreme Court of British Columbia (the “**Court**”) made an Order (the “**Initial Order**”) granting a stay of proceedings (the “**Stay of Proceedings**”) against or in respect of Migu Investments Inc. (“**Migu**”), Miniso Canada Investments Inc. (“**MC Investments**”), Miniso (Canada) Store Inc. (“**MC Store**”), twenty-two (22) entities named sequentially from “Miniso (Canada) Store One Inc.” to “Miniso (Canada) Store Twenty-Two Inc.” (the twenty-two entities collectively, the “**MC Store Subsidiaries**”, and together with Migu, MC Investments and MC Store, “**Miniso Canada**” or the “**Companies**”), and the JV Affiliates (as defined in the Initial Order) and their assets until July 22, 2019, pursuant to the provisions of the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The proceedings brought by the Petitioners under the CCAA will be referred to herein as the “**CCAA Proceedings**”.
- 1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. (“**A&M**” or the “**Monitor**”) was appointed as Monitor of the Companies in the CCAA Proceedings.
- 1.3 The Petitioners are part of a group of related corporations that, together, manufacture lifestyle products under the “Miniso” brand name, and operate or licence an international group of retail outlets selling “Miniso” branded inventory. The Petitioners hold security from the parent companies within Miniso Canada, specifically Migu, MC Investments and MC Store. The Petitioners and Miniso Canada are not related parties as defined in the CCAA or through any common ownership.
- 1.4 On July 19, 2019, the Monitor filed the First Report of the Monitor (the “**First Report**”) that described the Monitor’s activities to date, the ongoing review of store leases, and potential lease and JV Interest disclaimers, and the proposed claims process (the “**Claims Process**”).
- 1.5 On July 22, 2019, this Honourable Court granted Orders which, amongst other things, extended the Stay of Proceedings to September 16, 2019 and approved the commencement of the Claims Process (the “**Claims Process Order**”).
- 1.6 On August 19, 2019, the Monitor filed the Second Report of the Monitor (the “**Second Report**”) which described the Monitor’s activities to date, and provided updates regarding the ongoing

review of store operations and leases, the Claims Process and Miniso Canada's interest in rights to use the Miniso brand and sell products in Chile.

- 1.7 On August 22, 2019, this Honourable Court granted an Order to add 1120701 B.C. Ltd. ("**1120**") as a Respondent to the CCAA Proceedings and authorized the Monitor to act as required in relation to the closing of the Amended and Restated Asset Purchase Agreement for the SA Assets.
- 1.8 On September 12, 2019, the Monitor filed the Third Report of the Monitor (the "**Third Report**") which, amongst other things, provided updates in respect of the JV Investors, the proposed Supplier's Charge in favour of Miniso Trading Canada Inc. ("**Miniso Trading**") and the extension of the Stay of Proceedings.
- 1.9 On September 16, 2019, this Honourable Court granted an Order (the "**September 16 Order**") that extended the Stay of Proceedings to November 18, 2019, granted a Supplier's Charge of up to \$4 million, and authorized the Monitor to execute real property lease amendments on behalf of the Respondents. This Honourable Court also granted the 1120 Claims Process Order.
- 1.10 On September 27, 2019, the Monitor filed the Fourth Report of the Monitor (the "**Fourth Report**") which provided an update on the Claims Process in respect of the JV Investors, the proposed plan of compromise and arrangement, the asset sale transactions in Peru and Argentina, and the proposed claim adjudication process (the "**Adjudication Process**").
- 1.11 On October 1, 2019, this Honourable Court granted an Order approving the Adjudication Process (the "**Adjudication Process Order**").
- 1.12 The Initial Order along with select application materials and other documents filed in the CCAA Proceedings are posted on the Monitor's website at www.alvarezandmarsal.com/minisocanada.

2.0 PURPOSE OF THE MONITOR'S FIFTH REPORT

- 2.1 This is the fifth report of the Monitor (the "**Fifth Report**") and has been prepared to provide this Honourable Court with information regarding the following:
 - a) A comparison of actual cash receipts and disbursements to the Revised CCAA Cash Flow Forecast for the period from August 31, 2019 to September 27, 2019;
 - b) An update on the Claims Process, the Adjudication Process and certain late-filed Claims;
 - c) An update with respect to the asset sale transactions in Peru and Argentina;
 - d) A discussion of the terms of the proposed transaction pursuant to which two of the Petitioners, together with a related entity, will acquire substantially all of the assets of Miniso Canada by way of a credit bid and a cash payment, which cash payment will fund

distributions under a Plan of Compromise, Arrangement and Reorganization (the “**Plan**”) that certain of the MC Store Subsidiaries (discussed below) intend to propose to their creditors;

- e) Information regarding, and the Monitor’s comments in respect of, the Migu Plan Companies’ (as subsequently defined) request for an order (the “**Meeting Order**”) from this Honourable Court authorizing the Migu Plan Companies to hold the meeting of creditors on November 1, 2019; and
 - f) The Monitor’s recommendations with respect to both the Plan and the Meeting Order.
- 2.2 The Fifth Report should be read in conjunction with the Monitor’s application materials dated October 10, 2019, and other materials filed in the CCAA Proceedings (collectively, the “**Filed Materials**”), as background information contained in the Filed Materials has not been included herein to avoid unnecessary duplication. Capitalized terms which are not defined herein have meaning given to them in the Filed Materials and the Plan.

3.0 TERMS OF REFERENCE

- 3.1 In preparing this report, A&M has necessarily relied upon unaudited financial and other information supplied, and representations made to it, by certain senior management of the Companies (“**Management**”) and the Petitioners. Although this information has been subject to review, A&M has not conducted an audit nor otherwise attempted to verify the accuracy or completeness of any of the information prepared by Management, the Petitioners or otherwise provided by the Companies. Accordingly, A&M expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information contained in this report, or otherwise used to prepare this report.
- 3.2 Certain of the information referred to in this report consists of financial forecasts and/or projections prepared by Management and/or the Petitioners. An examination or review of financial forecasts and projections and procedures as outlined by the Chartered Professional Accountants of Canada has not been performed. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from those forecasts and/or projections and the variations could be significant.
- 3.3 Unless otherwise stated, all monetary amounts contained in this Fifth Report are expressed in Canadian dollars.

4.0 ACTIVITIES OF THE MONITOR SINCE THE THIRD REPORT

4.1 Since the Third Report and up to and including the date of this Fifth Report, the Monitor's activities have included the following:

- a) Assisted with the day-to-day operations of the Companies;
- b) Communicated with and attended to various inquiries from trade creditors, landlords, JV Investors and other stakeholders;
- c) Engaged in various discussions with Miniso Lifestyle Canada Inc. (the “**Manager**” or “**Miniso Lifestyle**”) and Miniso Canada's real estate consultant, Oakmont Real Estate Services (“**Oakmont**”), to facilitate lease amendments for renegotiated leases;
- d) Managed the Claims Process in accordance with the Claims Process Order;
- e) Reviewed proofs of claims received with Miniso Canada personnel, corresponded with creditors regarding their proofs of claim and issued Notices of Revision and Disallowance (“**NORDs**”) as deemed appropriate;
- f) Issued disclaimers to disclaim certain service contracts and certain equipment leases that are either uneconomical for the Companies or are no longer required due to the issuance of various premises lease disclaimers;
- g) Upon discussion with the Manager and the Companies' counsel, prepared employee termination letters to 17 warehouse employees at the Richmond warehouse, which provided working notice for each employee;
- h) Continued monitoring of disbursement approvals, cash flow reporting and daily sales reporting;
- i) Engaged in various matters related to the anticipated asset sale closings in Peru and Argentina;
- j) Prepared and filed court materials (including the Fourth Report) with this Honourable Court to seek the Adjudication Process Order; and
- k) Engaged in discussions with the Petitioners and their counsel, the Companies' counsel, various landlords' counsel and certain JV Investors' counsel to develop the strategy with respect to the Plan.

5.0 CASH FLOW VARIANCES FOR PERIOD ENDED SEPTEMBER 27, 2019

5.1 As part of the ongoing oversight and monitoring of the business and financial affairs of Miniso Canada, the Monitor has set-up a weekly cash flow review protocol with the Companies and the Manager to compare actual cash flows against the Revised CCAA Cash Flow Forecast. The Companies' actual cash receipts and disbursements as compared to the Revised CCAA Cash

Flow Forecast for the period from August 31, 2019 to September 27, 2019 are summarized below:

Miniso Canada Revised CCAA Cash Flow Forecast For the 4-week period ended September 27, 2019 (C\$000s)			
4-Week Period Ended	Budget 27-Sep	Actual 27-Sep	Variance 27-Sep
Receipts			
Sales	\$ 4,698	\$ 5,140	\$ 442
Other receipts	\$ 60	\$ 66	6
Total Receipts	<u>4,758</u>	<u>5,206</u>	<u>448</u>
Disbursements			
Payments to Miniso Trading	1,500	1,500	-
Vendor and supplier payments	235	234	(1)
Construction of new stores	174	159	(15)
Payroll, benefits and payroll taxes	1,286	1,459	173
Store operating disbursements	313	251	(62)
Rent and property taxes	1,549	1,238	(311)
Professional fees	583	454	(129)
Liquidation fees	165	66	(99)
Other general and administrative costs	36	47	11
GST/PST/HST/QST	70	-	(70)
Management fees	50	108	58
Contingency	80	-	(80)
Total Disbursements	<u>6,040</u>	<u>5,517</u>	<u>(524)</u>
Net Cash Flow	(1,282)	(311)	972
Cash Position			
Opening Cash Position	3,120	3,120	-
DIP funding	-	-	-
Closing Cash Position	<u>\$ 1,838</u>	<u>\$ 2,809</u>	<u>\$ 972</u>

- 5.2 The Companies experienced a net favourable cash flow variance of \$972,000 over the period ended September 27, 2019. The principal components of the variance are described as follows:
- Sales receipts were \$442,000 higher than forecast due to the liquidation sales at 24 closed locations that concluded on September 21, 2019;
 - Payroll costs were \$173,000 higher than budget during the period largely due to the retention bonuses paid to employees at closed stores;
 - As anticipated in the Revised CCAA Cash Flow Forecast, Miniso Trading was paid \$1.5 million for post-filing inventory supplies;

- d) Rent and property taxes were lower than forecast by \$311,000 as the forecast rent for September did not fully account for the impact from closed stores;
- e) Professional fees were lower than forecast due to timing differences in processing invoices from the Companies' counsel, and the Monitor and its counsel, and such differences are anticipated to reverse in the near term; and
- f) Management fees of \$58,000 were higher than budget due to the reversal of a timing difference noted in the Monitor's Third Report.

5.3 No DIP advances have been drawn by the Companies to date.

5.4 Further to this Honourable Court granting a Supplier's Charge of up to \$4 million to Miniso Trading on September 16, 2019, Miniso Trading has been supplying inventory to the Companies on credit. For the two weeks ended September 30, 2019, inventory supplied totaled \$495,545.

6.0 UPDATE ON THE CLAIMS PROCESS AND THE ADJUDICATION PROCESS

6.1 As at the date of this report, the Monitor has issued 104 NORDs to various JV Investors, landlords and trade creditors. The Monitor is still in the process of reviewing various landlord and other Restructuring Claims against the Companies. Below is a summary of the Monitor's adjudication results to date:

Miniso Canada - Adjudication of Claims by Entity ^{1,2}						
Entities	# Claims Received	Value of Claims Received (\$'000)	Value of Claims Allowed (\$'000)	Value of Claims Disallowed (\$'000)	Restructuring Claims to be Adjudicated (\$'000)	
Migu Plan Companies						
Miniso (Canada) Store One Inc.	7	\$ 2,535	\$ 46	\$ 1,546	\$ 943	
Miniso (Canada) Store Three Inc.	2	17	17	-	-	
Miniso (Canada) Store Four Inc.	6	390	22	367	-	
Miniso (Canada) Store Five Inc.	5	87	76	11	-	
Miniso (Canada) Store Eight Inc.	3	872	170	-	701	
Miniso (Canada) Store Nine Inc.	11	747	200	547	-	
Miniso (Canada) Store Ten Inc.	4	1,178	35	50	1,093	
Miniso (Canada) Store Eleven Inc.	8	14,903	115	88	14,700	
Miniso (Canada) Store Twelve Inc.	11	12,526	398	3,570	8,558	
Miniso (Canada) Store Thirteen Inc.	6	405	217	187	-	
Miniso (Canada) Store Fourteen Inc.	1	25	25	-	-	
Miniso (Canada) Store Twenty-One Inc.	3	3,437	5	-	3,432	
Subtotal	67	\$ 37,121	\$ 1,327	\$ 6,366	\$ 29,427	
Entities Outside of the Plan						
Migu Investments Inc.	4	\$ 38,827	\$ 38,459	\$ 368	\$ -	
Miniso Canada Investments Inc.	144	20,288	4,122	13,697	2,440	
Miniso (Canada) Store Inc.	10	1,349	161	-	1,218	
Miniso (Canada) Store Two Inc.	2	26	26	-	-	
Miniso (Canada) Store Six Inc.	3	3,100	3	49	3,049	
Miniso (Canada) Store Seven Inc.	1	5	5	-	-	
Miniso (Canada) Store Fifteen Inc.	2	1,681	0	-	1,680	
Miniso (Canada) Store Sixteen Inc.	3	315	12	34	269	
Miniso (Canada) Store Seventeen Inc.	7	15,827	217	-	15,610	
Miniso (Canada) Store Eighteen Inc.	-	-	-	-	-	
Miniso (Canada) Store Nineteen Inc.	-	-	-	-	-	
Miniso (Canada) Store Twenty Inc.	-	-	-	-	-	
Miniso (Canada) Store Twenty-Two Inc.	-	-	-	-	-	
Subtotal	176	\$ 81,418	\$ 43,006	\$ 14,147	\$ 24,265	
Total	243	\$ 118,539	\$ 44,333	\$ 20,514	\$ 53,692	

Note 1: \$15.4 million of JV claims are made to multiple entities; Monitor has entered all the multiple JV claims under MCI for recording purposes.

Note 2: The above table excludes any Late Claims (defined below).

- 6.2 The deadline for parties who received a NORD to submit a Notice of Dispute (“**NOD**”) expired on October 7, 2019 (the “**NOD Deadline**”). Prior to expiry of the NOD Deadline, the Monitor received 14 NODs, including one from a Continuing JV Investor. Subsequent to the NOD Deadline, the Monitor received 60 NODs from Remaining JV Investors. The Monitor issued a total of 64 NORDs to Remaining JV Investors (as defined in the Fourth Report), meaning 4 Remaining JV Investors have not yet taken steps to dispute the NORD that was issued to them.
- 6.3 The Monitor is working with the creditors to resolve the NODs where possible, and will provide an update to this Honourable Court on the results of the Monitor’s efforts in its subsequent reports.

Adjudication Process

6.4 Pursuant to the Adjudication Process Order, the following claims are to be adjudicated:

- a) Any application by the JV Investors seeking to appeal a NORD solely in respect of their claims against any one of more of the MC Subsidiaries;
- b) The application of the Petitioners to seek declarations as to the Petitioners' Claim and the validity, enforceability and priority of any security interests asserted in respect thereof.

6.5 Any Notices of Application in respect of these applications, and all affidavits in support thereof, shall be filed and served on the service list on or before October 11, 2019. To date, the Monitor has not received any materials in relation to the applications.

Late-filed Proof of Claims

6.6 The Monitor has received 15 Claims totaling \$11.9 million after the applicable bar dates (the **"Late Claims"**).

6.7 Pursuant to sections 16 and 19 of the Claims Process Order, the Monitor may accept late "Pre-Filing" claims from any persons with the prior written consent of the Respondents and the Petitioners, or alternatively, by order of this Honourable Court. Similarly, the Monitor may accept late "Restructuring Claims" with consent of the Respondents, or alternatively, by order of this Honourable Court.

6.8 For purposes of presenting and voting on the Plan, the Monitor is of the view that the treatment of the Late Claims where those claims were filed against the Migu Plan Companies (subsequently defined and discussed) needs to be determined (the **"Migu Plan Late Claims"**). Below is a table listing the ten Migu Plan Late Claims:

Migu Plan Late Claims received as at October 9, 2019			
Name of creditor	Nature of claim	Claim against	Amount (\$)
1 First Capital (Bayview) Corporation	Bayview - Restructuring claim	Miniso (Canada) Store Nine Inc.	767,529
2 First Capital (Chartwell) Corporation	Chartwell - Restructuring claim	Miniso (Canada) Store Nine Inc.	665,516
3 First Capital (St. Catherines) Corporation	Fairview Mall - Restructuring claim	Miniso (Canada) Store Nine Inc.	533,962
4 SREIT (Oakville) Ltd.	Maple Grove - Restructuring claim	Miniso (Canada) Store Nine Inc.	334,546
5 First Capital (Meadowvale) Corporation	Meadowvale - Restructuring claim	Miniso (Canada) Store Nine Inc.	679,781
6 First Capital (Morningside) Corporation	Morningside - Restructuring claim	Miniso (Canada) Store Nine Inc.	565,714
7 FCHT Holdings (Ontario) Corporation	Parkway Mall - Restructuring claim	Miniso (Canada) Store Nine Inc.	606,478
8 The Body Shop Canada Limited	Pre-filing - rent claim (Robson)	Miniso (Canada) Store Three Inc.	75,677
9 9376-6319 Quebec Inc. (Galerie d'Anj)	Pre-filing - JV Claim	Miniso Canada Investments Inc. and Miniso (Canada) Store Eleven Inc. Directors' & Officers' Claim	49,144
10 A&J Ontario Corp. (Yonge & Sheppard)	Pre-filing - JV Claim	Miniso Canada Investments Inc. and Miniso (Canada) Store Twelve Inc. Directors' & Officers' Claim	72,446
Total			4,350,792

6.9 The Petitioners have consented to allow the Migu Plan Late Claims for determination in the Claims Process. As at the date of this report, the Monitor has not received an indication from the Respondents that they will allow any of the Migu Plan Late Claims to be accepted for adjudication under the Claims Process.

6.10 The Monitor has reviewed all the Migu Plan Late Claims and notes that, while the above claims were filed late, all of these claims were expected by the Monitor as the relevant creditors were either known to the Monitor as parties who may potentially file a claim against the Migu Plan Companies, or the claims arise from lease disclaimers issued by the Monitor.

6.11 Should the Migu Plan Late Claims be accepted for filing and adjudication, the Monitor anticipates allowing Migu Plan Late Claims totaling approximately \$800,000, of which approximately \$725,000 would be considered to be “Affected Claims” under the Plan, and the remainder of \$75,000 of the claims would ultimately be funded by the Petitioners pursuant to the assignment of leases expected on implementation of the Plan.

6.12 It appears to the Monitor that the Migu Plan Late Claims were filed after their respective bar dates due to inadvertence, and that it does not appear to the Monitor that the other creditors would be substantially prejudiced if the Migu Plan Late Claims are allowed for filing and adjudication, as the claims were all anticipated by the Monitor and will likely not significantly impact the recovery

of other creditors. Accordingly, the Monitor recommends that this Honourable Court accept the Migu Plan Late Claims for filing.

7.0 CLOSING OF THE TRANSACTIONS IN PERU AND ARGENTINA

- 7.1 The transaction related to the sale of the Peruvian Miniso assets has closed and the SA Purchaser has confirmed that US\$2.7 million has been sent to the Escrow Agent (Heritage Trust Company Inc.). There have been complications in wiring the funds from South America to Canada, and, accordingly, as at the date of this report, the Escrow Agent has not confirmed the receipt of the funds. Upon receipt of confirmation that the funds have been received by the Escrow Agent and in accordance with the terms of the Escrow Agreement, the Monitor will have 20 days to advance any claims on behalf of Miniso Canada, 1120 and/or Bright Migu International Ltd. against the Miniso Peruvian entities.
- 7.2 The transaction related to the sale of the Argentinian assets has not closed and the parties appear to be working towards finalizing the sale in the near term.
- 7.3 The Monitor will provide updates in respect of any claims advanced against the Escrow Agent in respect of the Peruvian funds and the closing of the asset sale in Argentina in its subsequent reports.

8.0 THE PROPOSED ACQUISITION AGREEMENT AND PLAN OF ARRANGEMENT

- 8.1 As noted in the Fourth Report, the Petitioners provided a letter to the Monitor outlining certain terms that would form the basis of the Plan and related transactions. Two of the Petitioners, namely Miniso Trading and Miniso Lifestyle, together with an affiliated company, Miniso Franchise Canada Inc. (collectively, the “**Purchasers**”) have now formalized their intention to acquire all assets and operations (where applicable) owned by:
- a) twelve of the MC Store Subsidiaries: Miniso (Canada) Store One Inc., Miniso (Canada) Store Three Inc., Miniso (Canada) Store Four Inc., Miniso (Canada) Store Five Inc., Miniso (Canada) Store Eight Inc., Miniso (Canada) Store Nine Inc., Miniso (Canada) Store Ten Inc., Miniso (Canada) Store Eleven Inc., Miniso (Canada) Store Twelve Inc., Miniso (Canada) Store Thirteen Inc., Miniso (Canada) Store Fourteen Inc. and Miniso (Canada) Store Twenty-One Inc. (collectively, the “**Migu Plan Companies**”); and
 - b) Migu, MC Investments and MC Store (the “**Migu Parent Companies**”, and collectively with the Migu Plan Companies, the “**Migu Vendors**”).
- 8.2 The Migu Plan Companies hold the store leases, together with fixtures and leasehold improvements in relation to the continuing stores that the Purchasers will acquire and continue to

operate following the restructuring transaction. The Migu Parent Companies (primarily through MC Investments) hold all of the inventory, certain office, store and warehouse leases, and intercompany receivables due from the MC Store Subsidiaries.

8.3 The Purchasers intend to acquire the assets and operations through a proposed acquisition agreement (the “**Acquisition Agreement**”), by way of a credit bid of a portion of the Petitioners’ secured debt held against the Migu Parent Companies, the assumption of certain liabilities and a cash payment, and through the Plan to be presented in respect of the Migu Plan Companies and their creditors.

8.4 It is not anticipated that a plan will be presented to the creditors of the Migu Parent Companies, the remaining 10 MC Store Subsidiaries, or 1120. Leases previously held by the 10 MC Store Subsidiaries have been disclaimed and otherwise these entities have no assets, only claims against them. The Migu Plan Companies and the other (excluded) Respondents are listed in the following table:

Migu Plan Companies	Other Respondents
Miniso (Canada) Store One Inc.	Migu Investments Inc.
Miniso (Canada) Store Three Inc.	Miniso Canada Invesments Inc.
Miniso (Canada) Store Four Inc.	Miniso (Canada) Store Inc.
Miniso (Canada) Store Five Inc.	Miniso (Canada) Store Two Inc.
Miniso (Canada) Store Eight Inc.	Miniso (Canada) Store Six Inc.
Miniso (Canada) Store Nine Inc.	Miniso (Canada) Store Seven Inc.
Miniso (Canada) Store Ten Inc.	Miniso (Canada) Store Fifteen Inc.
Miniso (Canada) Store Eleven Inc.	Miniso (Canada) Store Sixteen Inc.
Miniso (Canada) Store Twelve Inc.	Miniso (Canada) Store Seventeen Inc.
Miniso (Canada) Store Thirteen inc.	Miniso (Canada) Store Eighteen Inc.
Miniso (Canada) Store Fourteen Inc.	Miniso (Canada) Store Nineteen Inc.
Miniso (Canada) Store Twenty-One Inc.	Miniso (Canada) Store Twenty Inc.
	Miniso (Canada) Store Twenty-Two Inc.
	1120701 B.C Ltd.

The Acquisition Agreement

8.5 Through the Acquisition Agreement, the Purchasers intend to acquire the following assets and rights from the Migu Vendors, on an “as is, where-is” basis (the “**Purchased Assets**”), including:

- a) the Migu Vendors’ interests in the corporate and JV Interest stores (i.e. 51% interests held by MC Investments) which includes the furniture, fixtures and equipment;
- b) the inventory owned by MC Investments;
- c) the leases for operating stores that are to be assumed (the “**Assumed Leases**”), the Migu Vendors’ interest in said premises and any leasehold improvements;

- d) contracts the Purchaser wishes to acquire (including employee contracts and a licence agreement for four stores to be located in select Walmart locations in Canada);
 - e) the books and records of the Migu Vendors; and
 - f) cash remaining at the end of the CCAA Proceedings (as subsequently discussed).
- 8.6 Assets held by the Migu Vendors that are excluded from the Purchased Assets include:
- a) cash on hand or on deposit at closing;
 - b) proceeds from the sale of assets in Quebec;
 - c) shares and capital of the Migu Vendors and all subsidiaries; and
 - d) proceeds that may flow into the Migu Vendors from 1120 and any claims advanced by the Monitor against funds to be held by the Escrow Agent.
- 8.7 The consideration payable by the Purchaser to the Migu Vendors for the Purchased Assets (the **“Purchase Price”**) shall be:
- a) in respect of the Assumed Leases, the Purchaser’s assumption on the Closing Date of all of the Tenants’ obligations and liabilities under the Assumed Leases including any pre-filing rent that may be outstanding; and
 - b) in respect of the remaining Purchased Assets:
 - 1) a credit bid in an amount equal to the fully costed and audited inventory balance as at the Closing Date, plus the fair value of the acquired furniture, fixtures and equipment, plus \$2.0 million (collectively, the **“Credit Bid”**); and
 - 2) cash in the amount of \$550,000 (the **“Cash Payment”**).
- 8.8 The Credit Bid will be paid by way of set-off against firstly, debt outstanding to Miniso Trading for post-filing inventory purchases by Miniso Canada, and, thereafter, the pre-filing secured debt of the Petitioners, for which a Claim of \$38.5 million was submitted to the Monitor. Once fully costed post-closing, the Credit Bid is not anticipated to exceed \$25 million thus leaving a significant secured debt against MC Investments, Migu and MC Store, which would permit the Petitioners to seek distributions in the future from MC Investments, Migu and MC Store for value obtained from assets that are excluded from the Acquisition Agreement.
- 8.9 Cash on hand at closing will be paid to the Monitor in order to fund the post-filing accrued debts of Miniso Canada, outstanding and forecast professional fees, and potential wind-up costs related to Miniso Canada. In the event cash holdings of the Migu Vendors are insufficient to fund such costs, the Purchasers will provide additional funding to the Monitor at closing. At the conclusion of the CCAA Proceedings any remaining cash held by the Monitor will be paid to the Purchasers.

- 8.10 The Petitioners were granted security over the assets of Migu, MC Investments and MC Store, but did not register their security interests in the Province of Quebec. It is the Monitor's view that the Petitioners do not have a perfected security interest over Quebec-based assets of Migu, MC Investments and MC Store. Accordingly, any realizations from assets in Quebec, including the planned sale of inventory at four Quebec locations to Mr. Bin Wu (as described in the Third Report), are excluded from the Acquisition Agreement. Upon closing of such transactions, the funds generated from the sale of inventory in Quebec will be attributed to MC Investments and excluded from remittances to the Purchasers.
- 8.11 The Acquisition Agreement provides for all employees (over 450) of the Migu Vendors to be offered employment by the Purchasers on the same terms as their current employment with MC Investments, and recognition of past service.
- 8.12 With all employees being assumed by the Purchasers, the Purchasers will provide transition services and support to the Monitor in order to complete the post-closing payment of accrued expenses, accounting and other services required by the Migu Vendors.
- 8.13 The Acquisition Agreement is anticipated to close 10 business days after an approval and vesting order is granted by this Honourable Court. It is anticipated that such approval will be sought at the sanction hearing.
- 8.14 A copy of the latest draft of the Acquisition Agreement is attached as **Appendix A**.

The Plan

- 8.15 In accordance with the Acquisition Agreement, the Purchasers have agreed to make the Cash Payment to effect the Plan and compromise the Affected Claims against the Migu Plan Companies. Affected Claims, after considering the Migu Plan Late Claims, comprise:
- a) Pre-filing Claims and Restructuring Claims of landlords with proposed Affected Claims of approximately \$5.7 million; and
 - b) Trade creditor claims of approximately \$1.2 million.
- 8.16 JV Investor claims totaling \$12.9 million have been disallowed and are not considered to be Affected Claims for the purposes of the Plan. Such claims will be determined pursuant to the Adjudication Process.
- 8.17 Highlights of the Plan are summarized as follows:
- a) For the purpose of the Plan, there will be a single class of creditors: the Affected Creditors Class;

- b) The Purchasers will fund the Cash Payment to form an Affected Creditors Pot that will be paid to the Monitor for distribution to the Affected Creditors, which is anticipated to translate to a payout of approximately 7.5% to all Affected Creditors with Proven Claims;
- c) For the purpose of voting, an Affected Creditor may vote and be counted as one creditor with a vote equivalent to the value of its Proven Claim;
- d) Affected Creditors owed up to and including \$1,500 will be paid in full (the “**Convenience Creditors**”);
- e) Affected Creditors are able to elect to reduce their claims to \$1,500 and become Convenience Creditors for distribution purposes;
- f) Convenience Creditors are deemed to vote in favour of the Plan for the full amount of their Proven Claim and shall not be entitled to vote against the Plan at the Meeting in respect of Proven Claims;
- g) Related parties to the Migu Plan Companies will not receive any distributions in respect of any Claims;
- h) Unaffected Creditors (including the Petitioners and related parties) are not entitled to vote at the Meeting in respect of their Unaffected Claims;
- i) The Plan is offered in full and final satisfaction of the pre-filing claims of the Affected Creditors; and
- j) The Plan also provides for a release against the directors and officers of the Migu Plan Companies, the Migu Plan Companies, the legal and financial advisors to the Respondents, the Monitor and its legal advisors, and the Petitioners and their legal and financial advisors.

8.18 In respect of directors and officers, Claims are defined in the Plan as claims which directors and officers are liable for by statute or otherwise by law to pay in their capacity as a director or officer of the Migu Plan Companies. The release of directors and officers noted in paragraph 8.17(j) above is similarly limited to these Claims.

8.19 The Petitioners, the Monitor and the majority of the landlords, through their respective counsel, who have filed Restructuring Claims against the Migu Plan Companies, have been in discussions throughout the development of the Plan. Based on the discussions to date, the Monitor anticipates that the Plan, as outlined above, will be supported by the majority of Affected Creditors.

8.20 Discussions have been held between the Petitioners, the Monitor and counsel for many JV Investors regarding potential scenarios under which such claims may be considered in a plan. However, no definitive agreement has been reached. In the event of an agreement being reached between the parties, a new plan would need to be developed and presented.

8.21 Tabled below is the current estimate of Affected Claims to be included in the Plan, and select Unaffected Claims:

Migu Plan Companies' claims - as at October 8, 2019						
	Total submitted claim	# of Allowed Claims/ Locations	Admitted/ Proposed to be admitted	Disallowed/ Revised	Unaffected Claim (Purchaser to fund)	
\$'000						
Landlord Claims						
- Pre-filing claims ²	4,077	14	\$ -	\$ 3,847	\$ 230	
- Claims from disclaimed locations ¹	35,015	23	5,673	29,342	-	
Other Claims ³	2,258	16	1,173	1,085	-	
Total	41,350	53	6,846	34,274	230	
JV Claims ⁴						
- JV Yes Continuing Stores ³	5,734	-	-	5,734	-	
- Other JV Claims ³	7,152	-	-	7,152	-	
Total (including JV Claims)	54,236	53	\$ 6,846	\$ 47,160	\$ 230	

Note 1: Includes the Migu Plan Late Claims filed by First Capital.

Note 2: Pre-filing claims are for locations not disclaimed and are considered Unaffected Claims per the Plan. Amount includes the late-filed claim from the Body Shop in the amount of \$75,677.

Note 3: Includes other Migu Plan Late Claims.

Note 4: Disallowed JV claims against the Migu Plan Companies totalled \$12.9 million.

8.22 As previously noted, the Monitor has received 14 NODs from various parties who have made claims against the Companies. Should the Affected Claims of these parties be allowed whether by negotiation or by an order from this Honourable Court, in amounts that increase the total Affected Claims above \$6.85 million, the final payout percentage will decrease.

8.23 The Plan complies with s. 6(3) of the CCAA as it contains a provision that, within six months after the Sanction Order, the Companies will pay in full to Her Majesty in Right of Canada or of a province all amounts that were outstanding at the Filing Date and are of a kind that could be subject to a demand under:

- a) subsection 224(1.2) of the *Income Tax Act* (the “ITA”);
 - b) any provision of the *Canada Pension Plan Act* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the ITA and provides for the collection of contributions, premiums, and any related interest, penalties or other amounts; or
 - c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA
- (collectively, the “Crown Priority Claims”).

8.24 The Plan does not affect the claims of Unaffected Creditors, including any Claims in relation to leases that were not disclaimed by the Companies, and these obligations will continue following completion of the CCAA Proceedings.

8.25 The Plan provides for a compromise of the debts of the Affected Creditors, which may trigger debt forgiveness provisions under the ITA. At this stage, the impact to the Migu Plan Companies from the potential debt forgiveness has not been considered with Miniso Canada's tax advisors.

8.26 At present there is no plan in place to deal with the resolution of claims against, and any residual assets of, MC Investments and 1120. The Monitor will report to this Honourable Court when definitive plans are in place in this regard.

8.27 A copy of the Plan is attached as **Appendix B**.

9.0 THE PROPOSED MEETING ORDER

9.1 The Migu Plan Companies are making an application to this Honourable Court for approval of the Meeting Order, which contemplates a meeting of the Affected Creditors to consider and vote on the Plan (the "**Meeting**").

9.2 Subject to the Meeting Order being granted by this Honourable Court, the Meeting will take place at 10:00am (Vancouver time) on November 1, 2019 at the offices of Dentons Canada LLP, counsel for the Monitor, located at 20th Floor, 250 Howe Street, Vancouver, BC V6C 3R1, and will be chaired by a representative of the Monitor. The Chair is authorized to adjourn, postpone, or reschedule the Meeting or the vote without the need to first convene the Meeting, and shall decide on the manner of giving notice of the rescheduled meeting.

9.3 Voting will be done by voting letter, in person, or by proxy. Pursuant to the CCAA, creditors holding over 50% in number representing at least 2/3 in value of the Claims present and voting is required for approval of the Plan.

9.4 Convenience Creditors are deemed to vote in favour of the Plan for the full amount of their Proven Claims and any proxy filed by or on behalf of a Convenience Creditor shall not be valid.

9.5 The Monitor will provide notice of the Meeting as follows:

- a) Publish the Notice of Meeting for one business day in the National Post as soon as practicable following the granting of the Meeting Order;
- b) Post a copy of the Meeting Materials on its website no later than October 16, 2019; and

- c) Send the Meeting Materials to the Affected Creditors by no later than October 16, 2019 to the addresses appearing on the Affected Creditors' Proof of Claim by ordinary mail, courier, email or fax.
- 9.6 The Monitor notes that the notice period for Affected Creditors to consider the Plan is 17 days, which is shorter than the typical 21-day notice period for creditors' meeting under the *Bankruptcy and Insolvency Act*. Accordingly, the Monitor is planning to dispatch the Meeting Materials by email to Affected Creditors that have provided their email addresses, and via mail to all Affected Creditors.
- 9.7 An Affected Creditor wishing to make an election to be treated as a Convenience Creditor under the Plan must deliver a Convenience Creditor Election to the Monitor by 5:00pm (Vancouver time) on October 30, 2019.
- 9.8 If the Plan is approved by the Affected Creditors, the Migu Plan Companies intend to bring an application to this Honourable Court to seek an order to approve the Plan (the "**Sanction Order**") on November 6, 2019 or as soon thereafter as the matter may be heard.
- 9.9 Copies of the application materials in relation to the Sanction Order will be posted to the Monitor's website as soon as practicable following the granting of the Meeting Order. Parties who wish to oppose the Sanction Order application must serve their responses as prescribed by the British Columbia Supreme Court Civil Rules on the Petitioners and their counsel, the Respondents and their counsel, the counsel for the Monitor, and all parties on the Service List by no later than 10:00am (Vancouver time) on November 5, 2019.
- 9.10 The proposed timeline for the Meeting, the approval of the Acquisition Agreement, Plan sanction and implementation, and the closing activities is summarized as follows:

Proposed timeline	
Activity	Deadline
Meeting Order granted by this Honourable Court	October 15, 2019
Monitor to post a copy of the Meeting Materials on its website and send the Meeting Materials to the Affected Creditors	No later than October 16, 2019
Monitor to publish the Notice of Meeting for one business day in the National Post Monitor to post copies of the application materials in relation to the Sanction Order	As soon as practicable following the granting of the Meeting Order
Affected Creditor wishing to make an election to be treated as a Convenience Creditor to deliver a Convenience Creditor Election to the Monitor, or otherwise to submit a Proxy for voting	October 30, 2019 by 5:00pm (Vancouver time)
Meeting to be held	November 1, 2019 at 10:00am (Vancouver time)
If the Plan is approved by the Affected Creditors:	
Parties who wish to oppose the Sanction Order application must serve their responses in accordance the Meeting Order	By November 5, 2019, no later than 10:00am (Vancouver time)
Hearing of application to this Honourable Court to seek the Sanction Order	November 6, 2019 or as soon thereafter as the matter may be heard
Approval and Vesting Order for the Acquisition Agreement to be sought from this Honourable Court	
Closing Date for the Acquisition Agreement	10 business days following the date of the Approval and Vesting Order
Effective Date for the Plan - day on which the Monitor confirms to the Petitioners and Debtors in writing that each of the Conditions Precedent in the Plan have been satisfied or waived	By November 16, 2019
Distribution to Affected Creditors	15 days following the Effective Date
Payment of Crown Priority Claims outstanding as of the Filing Date	Within six months after the granting of the Sanction Order

9.11 As soon as practicable following the Meeting, the Monitor shall report to the Court on the results of the voting of the Affected Creditors on the Resolution and any other matters the Monitor considers relevant to the Migu Plan Companies' application for the Sanction Order.

10.0 THE MONITOR'S OBSERVATIONS

10.1 Tabled below is an indicative analysis of the potential realizations available for creditors of the Migu Plan Companies under a liquidation scenario. Based on the information on hand and assumptions which are discussed below, it is anticipated that the rate of return for the creditors could range from 0.3% to 1.8%, and may ultimately be nil.

Indicative Liquidation Analysis in Bankruptcy for the Migu Plan Companies As at October 8, 2019			
	Migu Plan Companies (37 stores)		
\$'000	Book value (Jul 11, 19)	Low	High
Assets	19,267	350	700
Professional fees and realization costs		(250)	(250)
Net Realizations		100	450
Liabilities:			
Unsecured claims	Claims received		
- JV claims	12,886	-	-
- Landlord claims for disclaimed locations	35,016	8,510	5,673
- Landlord claims for not disclaimed locations	4,076	16,518	11,012
- Intercompany claims (MC Investment AR)	-	7,344	7,344
- Other vendors	2,258	2,258	1,173
Estimated unsecured claims	54,236	34,630	25,202
% of realization for unsecured creditors		0.3%	1.8%

10.2 Comments on the liquidation analysis are presented as follows:

- The Migu Plan Companies have no cash resources on hand as all cash is swept by MC Investments to fund operations including payments for inventory to Miniso Trading;
- Inventory located at the 37 stores operated under the Migu Plan Companies is owned by MC Investments, thus producing no realization for creditors of the Migu Plan Companies in a liquidation;
- The majority of the book value recorded for the Migu Plan Companies as at July 11, 2019 relates to leasehold improvements and furniture and fixtures. Based largely on the limited value generated in the recent liquidation of 24 stores, it is assumed that limited realizations would be available from the equipment and fixtures at the 37 stores;
- The potential value of the lease portfolio held by the Migu Plan Companies was considered with Oakmont, and it was determined that, given the current retail environment and recency of the leases, limited to no resale value would be available from the portfolio of 37 leases,

- or from individual leases, and that it could take an extended period to market such leases, which would not be feasible considering the cost of holding each location in a liquidation;
- e) Professional fees and other realization costs are estimated to be approximately \$250,000 for the liquidation of the 12 entities and 37 store locations;
 - f) Potential liabilities in a liquidation scenario reflect anticipated accepted claims out of the \$54.2 million of submitted Claims against the Migu Plan Companies and expected claims of up to \$23.9 million from (1) landlords whose leases are currently not disclaimed, and (2) intercompany claims from MC Investments, which would form part of the provable claims against the estates under a bankruptcy scenario;
 - g) Claims from the JV Investors are assumed to be disallowed in a liquidation as they do not appear to have valid debt claims against the Migu Plan Companies; and
 - h) Potential accepted landlord claims were estimated based on re-leasing scenarios discussed with Oakmont which would assume mitigation for a significant portion of the landlords' claims, particularly where claims have been submitted for the balance of the term of the disclaimed lease.

10.3 The Plan, supported by the Acquisition Agreement, allows for the following:

- a) An anticipated recovery for Affected Creditors of approximately 7.5% on their Affected Claims which exceeds what may be expected in a liquidation scenario;
- b) Preservation and continuance of the core business of Miniso Canada, which in turn preserves employment for over 450 employees, and provides an ongoing customer or tenant for many vendors and landlords, respectively;
- c) With the consent of the Purchasers, Claims that may be presented by MC Investments against the Migu Plan Companies (with proceeds ultimately payable to the Petitioners pursuant to their Secured Claims) will not be considered for distribution under the Plan; and
- d) Continuance of the 19 stores with Continuing JV Investors who have executed the Definitive Agreements as those store leases will be Assumed Leases.

10.4 Based on the foregoing factors, the Monitor recommends the Plan to Affected Creditors.

11.0 MONITOR'S RECOMMENDATIONS

11.1 The Monitor respectfully recommends that:

- a) this Honourable Court grant:
 - 1) the Meeting Order; and
 - 2) an order approving the acceptance of the Late Claims for adjudication pursuant to the Claims Process Order; and
- b) Affected Creditors vote in favour of the Plan.

All of which is respectfully submitted to this Honourable Court this 11^h day of October, 2019.

Alvarez & Marsal Canada Inc.,

in its capacity as Monitor of

Migu Investments Inc., Miniso (Canada) Store Inc., 1120701 B.C. Ltd,

Miniso Canada Investments Inc. and its subsidiaries



Per: Anthony Tillman
Senior Vice President



Per: Pinky Law
Vice President

APPENDIX A – PROPOSED ACQUISITION AGREEMENT
(to be filed)

**APPENDIX B – PROPOSED PLAN OF COMPROMISE, ARRANGEMENT AND
REORGANIZATION**

No. S197744
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

BETWEEN:

MINISO INTERNATIONAL HONG KONG LIMITED AND OTHERS

PETITIONERS

AND:

MIGU INVESTMENTS INC. AND OTHERS

RESPONDENTS

**PLAN OF COMPROMISE, ARRANGEMENT AND
REORGANIZATION**

OCTOBER <@>, 2019

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PLAN OF COMPROMISE, ARRANGEMENT AND REORGANIZATION

This is the plan of compromise, arrangement and reorganization of the Migu Plan Companies (as defined herein) made pursuant to the *Companies' Creditors Arrangement Act*.

Article 1 INTERPRETATION

1.1 Definitions

In the Plan, unless otherwise stated or the context otherwise requires:

“Acquisition Agreement” means the acquisition agreement between the Miniso Purchasers and the Migu Vendors pursuant to which, among other things, the Miniso Purchasers will acquire substantially all of the assets of the Migu Vendors, including without limitation the Store Leases.

“Acquisition Transactions” means the transactions contemplated by the Acquisition Agreement.

“Administration Charge” means the charge provided for at paragraph 49 of the Initial Order, securing the fees and disbursements of the Monitor, counsel to the Monitor and counsel to the Debtors.

“Affected Claims” means all Claims other than Unaffected Claims.

“Affected Creditors” means any Person having an Affected Claim and includes the transferee or assignee of a transferred or assigned Affected Claim who is recognized as an Affected Creditor by the Debtors and the Monitor in accordance with the Claims Process Order, or a trustee, executor, liquidator, receiver, receiver and manager, or other Person acting on behalf of or through such Person.

“Affected Creditors Class” means the class consisting of the Affected Creditors established under and for the purposes of the Plan, including voting in respect thereof.

“Affected Creditors Pot” means the sum of \$550,000 to be funded by the Miniso Purchasers to the Monitor for distribution to the Affected Creditors in accordance with the terms of this Plan.

“Business Day” means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Vancouver, British Columbia.

“CCAA” means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

“CCAA Charges” means, collectively, the Administration Charge, the Supplier's Charge, the Interim Lender's Charge and the Directors' Charge.

“CCAA Proceedings” means the proceedings commenced by the Petitioners under the CCAA on the Filing Date in Supreme Court of British Columbia Action No. S197744, Vancouver Registry.

“Claim” means: (a) any right or claim of any Person where such right or claim was in existence on the Filing Date, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever of any of the Migu Plan Companies, and any accrued interest thereon and costs payable in respect thereof up to and including the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts which existed prior to the Filing Date, and includes Tax Claims and any other claims that would have been claims provable in bankruptcy had the applicable Migu Plan Company become bankrupt on the Filing Date; (b) any Restructuring Claim; and (c) any right or claim of any Person against one or more of the Directors or Officers that relates to a Claim described in paragraph (a) of this definition or a Restructuring Claim howsoever arising for which one or more of the Directors or Officers are by statute or otherwise by law liable to pay in their capacity as a Director or Officer.

“Claims Process” means the process established by the Claims Process Order for determining the validity and quantum of Claims, including for voting and distribution purposes under the Plan.

“Claims Process Order” means the Order made on July 22, 2019 establishing the Claims Process, as such Order may be amended and supplemented from time to time, including by the Order made October 1, 2019.

“Conditions Precedent” means those conditions precedent to the implementation of the Plan as set forth in Section 5.3.

“Convenience Creditor” means an Affected Creditor with a Convenience Creditor Claim.

“Convenience Creditor Claim” means: (a) any Proven Claim of an Affected Creditor in an amount that is less than or equal to \$1,500; and (b) any Proven Claim of an Affected Creditor that has delivered to the Monitor a Convenience Creditor Election in accordance with Section 3.5.

“Convenience Creditor Election” means an election form to be completed by an Affected Creditor with a Proven Claim in excess of \$1,500 that wishes to be treated as a Convenience Creditor for distribution purposes under the Plan and delivered to the Monitor in accordance with Section 3.5.

“Court” means the Supreme Court of British Columbia.

“Debtors” means those companies named as Respondents in the CCAA Proceedings, all of which are enumerated in Schedule “<@>” hereto.

“Directors’ Charge” means the charge in favour of the Debtors’ directors and officers provided for at paragraph 26 of the Initial Order securing the Debtors’ indemnity obligations to those directors and officers as set forth in the Initial Order.

“Directors” means, collectively, all current and former directors of the Migu Plan Companies.

“Directors and Officers” means, collectively, all past and present directors and officers of the Migu Plan Companies.

“Disclaimed Lease” means a real property lease in respect of which one of the Migu Plan Companies was a lessee and which was disclaimed, resiliated or terminated by such Migu Plan Company after the Filing Date.

“Distribution Date” means that date which is 15 days after the Effective Date, or such earlier or later date(s) as may be determined by the Monitor.

“Effective Date” means the Business Day on which the Monitor confirms to the Petitioners and the Debtors in writing that each of the Conditions Precedent have been satisfied or waived.

“Effective Time” means 5:00 p.m. (Vancouver time) on the Effective Date.

“Filing Date” means July 12, 2019.

“Initial Order” means the Order made on July 12, 2019.

“Interim Credit Facility Agreement” means the Interim Credit Facility Agreement among MIHK, as lender, and the Debtors (other than 1120701 B.C. Ltd.), as borrowers, dated July 12, 2019 and approved by the Initial Order, as amended from time to time.

“Interim Lender’s Charge” means the charge provided for at paragraph 54 of the Initial Order, securing the obligations of the applicable Debtors under the Interim Credit Facility Agreement.

“MCI” means Miniso Canada Investments Inc.

“Meeting” means the meeting of the Affected Creditors Class to be called, convened and conducted in accordance with the Plan and the Meeting Order at which the Affected Creditors will consider and vote on the Resolution.

“Meeting Order” means an Order to be sought establishing the Affected Creditors Class for the purposes of this Plan and for voting purposes, and directing the calling and holding of the Meeting, as such Order may be amended and supplemented from time to time.

“Migu Investments” means Migu Investments Inc.

“Migu Plan Companies” means those of the Debtors that are parties to this Plan, being, collectively, Miniso (Canada) Store One Inc., Miniso (Canada) Store Three Inc., Miniso (Canada) Store Four Inc., Miniso (Canada) Store Five Inc., Miniso (Canada) Store Eight Inc., Miniso (Canada) Store Nine Inc., Miniso (Canada) Store Ten Inc., Miniso (Canada) Store Eleven

Inc., Miniso (Canada) Store Twelve Inc., Miniso (Canada) Store Thirteen Inc., Miniso (Canada) Store Fourteen Inc. and Miniso (Canada) Store Twenty-One Inc.

“Migu Vendors” means the Debtors that are parties to the Acquisition Agreement, and includes without limitation Migu Investments, MCI, Miniso Store and the Migu Plan Companies.

“MIHK” means MIHK Management Inc.

“Miniso Franchise” means Miniso Franchise Canada Inc.

“Miniso Lifestyle” means Miniso Lifestyle Canada Inc.

“Miniso Purchasers” means Miniso Lifestyle and Miniso Franchise.

“Miniso Store” means Miniso (Canada) Store Inc.

“Miniso Trading” means Miniso Trading Canada Inc.

“Monitor” means Alvarez & Marsal Canada Inc., in its capacity as the monitor of the Debtors appointed pursuant to the Initial Order.

“Monitor’s Implementation Certificate” means a certificate to be filed by the Monitor in the CCAA Proceedings confirming that the Plan Transactions and the Acquisition Transactions have completed and that the Plan has been implemented in accordance with its terms.

“Officers” means, collectively, all current and former officers of the Migu Plan Companies.

“Order” means an order of the Court made in the CCAA Proceedings.

“Person” means any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate (including a limited liability company and an unlimited liability company), corporation, unincorporated association or organization, governmental authority, syndicate or other entity, whether or not having legal status.

“Petitioners” means, collectively, Miniso International Hong Kong Limited, Miniso International (Guangzhou) Co. Limited, Miniso Lifestyle, MIHK, Miniso Trading, Miniso Corporation and Guangdong Saiman Investment Co. Limited.

“Plan” means this plan of compromise and arrangement filed by the Migu Plan Companies pursuant to the CCAA, including any Schedules hereto, as may be amended, varied or supplemented hereafter in accordance with the terms hereof, or made at the direction of the Court in accordance with the Meeting Order.

“Plan Transactions” means those transactions to be implemented and completed, including the transfers to the Miniso Purchasers, or their nominee(s), of the Store Leases, all as contemplated by the Plan and as described in Section 6.2<@> hereof.

“Post-Filing Claim” means any indebtedness, liability or obligation of any of the Migu Plan Companies of any kind that arises after the Filing Date, provided that Post-Filing Claims shall not include any Restructuring Claims.

“Proven Claim” means the Claim of an Affected Creditor as finally determined for distribution purposes in accordance with the Claims Process Order, the Meeting Order and the Plan.

“Related Parties” means, with respect to any of the Migu Plan Companies, any of the other Debtors.

“Released Parties” means, collectively, and in their capacities as such: (i) the Migu Plan Companies; (ii) the legal and financial advisors to the Debtors; (iii) the Directors and Officers, solely to the extent of claims which such Directors or Officers is by statute or otherwise by law liable to pay in their capacity as a Director or Officer; (iv) the Monitor and its legal advisors; and (v) the Petitioners and their legal and financial advisors.

“Required Majority” means that number of Affected Creditors representing at least a majority in number of the Proven Claims, whose Affected Claims represent at least two-thirds in value of the Proven Claims validly voting in favour of the Resolution in person, or by proxy, or who are deemed to vote in favour of the Resolution pursuant to the Plan and the Meeting Order.

“Resolution” means the resolution to approve the Plan and the transactions contemplated thereby and which will be voted on by the Affected Creditors Class at the Meeting.

“Restructuring Claim” means any right or claim of any Person against any of the Migu Plan Companies in connection with any indebtedness, liability or obligation of any kind whatsoever owed by any of the Migu Plan Companies to such Person arising out of the restructuring, disclaimer, resiliation, termination, or breach on or after the Filing Date of any contract, employment agreement, lease or other agreement or arrangement, whether written or oral, and whether such restructuring, disclaimer, resiliation, termination or breach took place or takes place before or after the date of the Claims Process Order.

“Sanction Order” means an Order to be made under the CCAA that, among other things, sanctions, authorizes and approves, and directs the Migu Plan Companies to implement and complete, the Plan, the Acquisition Agreement, the Plan Transactions and the Acquisition Transactions.

“Service List” means the service list kept by the Monitor in the CCAA Proceedings.

“Stay Period” has the meaning set out at paragraph 18 of the Initial Order, as amended from time to time by subsequent Orders.

“Store Assets” means all of the assets and undertakings of the Migu Plan Companies, including the Store Leases.

“Store Leases” means the real property leases enumerated in Schedule “<@>” hereto.

“Supplier’s Charge” means the charge provided for at paragraph 49.01 of the Initial Order, as amended by the September 16, 2019 Order, securing payment by the Debtors to Miniso Trading for any inventory supplied by Miniso Trading from and after September 16, 2019.

“Tax” or “Taxes” means any and all amounts subject to a withholding or remitting obligation and any and all taxes, duties, fees, and other governmental charges, duties, impositions and liabilities of any kind whatsoever whether or not assessed by the Taxing Authorities (including any Claims by any of the Taxing Authorities), including all interest, penalties, fines, fees, other charges and additions with respect to such amount.

“Tax Claim” means any Claim against any of the Migu Plan Companies for any Taxes in respect of any taxation year or period ending on or prior to the Filing Date, and in any case where a taxation year or period commences on or prior to the Filing Date, for any Taxes in respect of or attributable to the portion of the taxation period commencing prior to the Filing Date and up to and including the Filing Date. For greater certainty, a Tax Claim shall include, without limitation, any and all Claims of any Taxing Authority in respect of transfer pricing adjustments and any Canadian or non-resident Tax related thereto.

“Taxing Authorities” means Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, the Canada Revenue Agency and any similar revenue or taxing authority of any state, province, territory or other political subdivision in any other jurisdiction outside of Canada.

“Unaffected Claims” means, collectively:

- (a) any Claim of an employee of the Migu Plan Companies for wages, including accrued vacation liabilities, but excluding severance or termination pay;
- (b) any Claims secured by any of the CCAA Charges;
- (c) any Claim that cannot be compromised due to the provisions of sections 5.1(2) and 19(2) of the CCAA;
- (d) any Claims in respect of any payments referred to in sections 6(3), 6(5) and 6(6) of the CCAA;
- (e) all Claims in respect of leases that are not disclaimed by the Migu Plan Companies in the CCAA Proceedings; and
- (f) any Post-Filing Claims.

“Undeliverable Distributions” has the meaning set out in Section 4.6.

“Unresolved Claims” means a Claim that at the relevant time is disputed or otherwise unresolved and has not been accepted for purposes of voting on and/or receiving distributions under the Plan and is not barred pursuant to the Claims Process Order.

“Vesting Order” means an Order in a form approved by the Miniso Purchasers which, among other things, approves of the Acquisition Agreement and the Acquisitions Transactions and vests

in the Miniso Purchasers the assets to be acquired thereunder subject to payment of the purchase price under the Acquisition Agreement.

“**Website**” means www.alvarezandmarsal.com/minisocanada.

1.2 Construction

In the Plan, unless otherwise stated or the context otherwise requires:

- (a) the division of the Plan into Articles and Sections and the use of headings are for convenience of reference only and do not affect the construction or interpretation of the Plan;
- (b) the words hereunder, hereof and similar expressions refer to the Plan and not to any particular Article, Section or Schedule and references to Articles, Sections and Schedules are to Articles and Sections of, and Schedules to the Plan;
- (c) words importing the singular include the plural and vice versa and words importing any gender include all genders;
- (d) the words includes and including and similar terms of inclusion shall not, unless expressly modified by the words only or solely, be construed as terms of limitation but rather shall mean includes without limitation or including without limitation, as applicable, so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;
- (e) a reference to any statute is to that statute as now enacted or as the statute may from time to time be amended, re-enacted or replaced, and includes any regulation made thereunder;
- (f) a reference to any agreement, indenture or other document is to that document as amended, supplemented, restated or replaced from time to time;
- (g) unless otherwise specified, all references to dollar amounts or to the symbol \$ are references to Canadian dollars; and
- (h) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Vancouver, British Columbia, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day.

1.3 Currency

For purposes relating to voting on the Plan and calculating distributions thereunder, any Claims submitted and denominated in a currency other than Canadian dollars shall be converted to Canadian dollars as at the Filing Date based on the Bank of Canada daily average exchange rate for exchanging currency to Canadian dollars on the Filing Date.

1.4 Interest

Interest shall not accrue or be paid on any Affected Claims after the Filing Date, and no Affected Claims shall be entitled to interest accruing on or after the Filing Date.

1.5 Schedules

The following are the Schedules to the Plan, each of which is incorporated into and forms part of the Plan:

Schedule A - <@>

Schedule B - <@>

Article 2 PURPOSE, EFFECT OF PLAN AND OPERATIONS

2.1 Purpose of Plan

The purpose of the Plan is to: (i) facilitate a restructuring transaction whereby, pursuant to this Plan and the Acquisition Agreement, the Miniso Purchasers will acquire substantially all of the assets of the Migu Vendors, including without limitation the Store Assets; and (ii) effect a compromise and settlement of all Affected Claims. Upon implementation of the Plan, Persons having Affected Claims will have released the Migu Plan Companies (but not the other Debtors) of all such Claims. The Directors and Officers of the Migu Plan Companies will be released from all Affected Claims for which they are liable by virtue of them being a Director or Officer, but not any other Claims, including claims identified under section 5.1(2) of the CCAA.

The Miniso Purchasers are secured creditors of the Migu Vendors, including by way of assignment to Miniso Franchise of the indebtedness owing by Migu Investments, MCI, and Miniso Store to MIHK and MIHK's security interest in those Debtors' assets. Pursuant to the Acquisition Agreement, the Miniso Purchasers are to acquire substantially all of the assets of the Migu Vendors, the purchase price for which will be a credit bid of some portion of the secured amounts owing to the Miniso Purchasers by the Migu Vendors as well as the payment to the Monitor of the Affected Creditors' Pot for distribution to the Affected Creditors in accordance with the terms of this Plan.

The effect of the overall restructuring transaction will be to consolidate and preserve the Migu Vendors' business under the ownership of the Miniso Purchasers with a view to reinvigorating and expanding the business pursuant to a long-term business plan.

Funding for distributions under the Plan is to be provided by the Miniso Purchasers pursuant to the Acquisition Agreement and in accordance with the terms of this Plan. It is a condition precedent to the Acquisition Agreement that this Plan be approved by the Required Majority and the Court in the CCAA Proceedings. Under the Plan, MCI, with the consent of those Petitioners that are secured creditors of MCI, will forego any distribution, thereby enhancing recovery for the other Affected Creditors.

Absent the funding to be provided by the Miniso Purchasers pursuant to the Acquisition Agreement, there is effectively little or no source of funds for payments to Affected Creditors. Accordingly, the Plan is premised on the expectation that affected stakeholders will derive a significantly greater benefit from the restructuring transaction and resultant distributions than would result from a bankruptcy or liquidation of the Migu Plan Companies' assets.

2.2 Persons Affected by the Plan

The Plan provides for: (i) the compromise, discharge and release of all Affected Claims against the Migu Plan Companies and against the Directors and Officers; and (ii) the transfer to the Miniso Purchasers of all of the Store Assets.

The Plan will become effective on the Effective Date in accordance with the steps set out in Section 6.2 hereof, and shall be binding on and enure to the benefit of the Migu Plan Companies, the Affected Creditors, the Directors and Officers and all other Persons named or referred to in, or subject to, the Plan.

2.3 Unaffected Claims

The Plan does not affect the Unaffected Claims. Persons with Unaffected Claims will not be entitled to vote on or receive any distributions under the Plan in respect of such Claims. Nothing in the Plan shall affect any of the Migu Plan Companies' rights and defences, both legal and equitable, with respect to any Unaffected Claim, including all rights with respect to legal and equitable defences or entitlements to set-offs and recoupments against such Claims.

Article 3

CLASSIFICATION OF CREDITORS, VOTING CLAIMS AND RELATED MATTERS

3.1 Claims Process

The Claims Process shall be governed by the Claims Process Order, the Meeting Order, the CCAA and the Plan. Where there is any inconsistency between the terms of the Plan, the Meeting Order and the Claims Process Order relating to the Claims Process, the terms of the Claims Process Order will govern, except that the Plan will govern with respect to the definition of "Unaffected Claims".

3.2 Classes of Creditors

For purposes of voting on the Plan, there will only be one class of creditors, being the Affected Creditors Class.

3.3 Meeting

The Meeting shall be convened on the meeting date, as set out in the Meeting Order, and held in accordance with the CCAA, the Meeting Order and the Plan. At the Meeting, each Affected Creditor voting, whether in person or by proxy, ballot or other voting instrument, shall vote on the Resolution.

The only Persons entitled to attend the Meeting are Affected Creditors and their legal counsel; the Migu Plan Companies and their legal counsel and advisors; the Directors and Officers and their legal counsel and advisors; the Monitor and its legal counsel; the Miniso Purchasers and their legal counsel and advisors; and those Persons, including the holders of proxies, ballots or other voting instruments, entitled to vote at the Meeting and their legal counsel and advisors. Any other Person may be admitted only on invitation of the chair of the Meeting.

3.4 Voting at the Meeting

At the Meeting, the Affected Creditors Class shall vote on whether to approve the Resolution and each Affected Creditor with a Proven Claim shall be entitled to one vote, which vote shall have a value equal to the dollar value of its Proven Claim.

Notwithstanding the foregoing, all Convenience Creditors are irrevocably deemed to have voted the full amount of their Proven Claims in favour of the approval of the Resolution.

3.5 Convenience Creditor Election

An Affected Creditor with a Proven Claim in excess of \$1,500 that wishes to be treated as a Convenience Creditor under the Plan must deliver a duly completed and executed Convenience Creditor Election to the Monitor prior to 5:00 p.m. (Vancouver time) on October 31, 2019 <@>, and upon doing so such Affected Creditor: (i) is irrevocably deemed to have voted the full amount of its Proven Claim in favour of the Resolution as a member of the Affected Creditors Class; and (ii) shall be treated as a Convenience Creditor for the purpose of distributions made under the Plan.

3.6 Parties Not Entitled to Vote

Persons having Unaffected Claims shall not be entitled to vote at the Meeting in respect of their Unaffected Claims.

Convenience Creditors are deemed to vote in favour of the Plan as members of the Affected Creditors Class and shall not be entitled to vote against the Plan at the Meeting in respect of their Proven Claims.

3.7 Fractions

An Affected Creditor's Proven Claim shall not include fractional numbers and Proven Claims shall be rounded down to the nearest whole dollar amount without compensation.

3.8 Voting of Unresolved Claims

Subject to Section 3.6, each Affected Creditor holding an Unresolved Claim as of the date of the Meeting shall be entitled to attend and vote at the Meeting. The Monitor shall keep a separate record of votes cast by Affected Creditors holding Unresolved Claims and shall report to the Court as to the number and amounts of any such votes if determined necessary by the Monitor. The votes cast in respect of any Unresolved Claims shall not be counted for any purpose unless, until and only to the extent that such Unresolved Claim is finally determined to be a Proven Claim.

3.9 Approval by Required Majority

The Monitor shall record and tabulate all votes cast at the Meeting. In order to be approved, the Resolution must receive an affirmative vote by the Required Majority of the Affected Creditors Class.

3.10 Assignment of Claims Prior to the Meeting

An Affected Creditor may transfer or assign the whole of its Claim prior to the Meeting in accordance with the Claims Process Order, provided that the Migu Plan Companies and the Monitor shall not be obliged to deal with any such transferee or assignee as an Affected Creditor in respect thereof, including allowing such transferee or assignee to vote at the Meeting, unless actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by the Monitor prior to 5:00 p.m. on the day that is at least two (2) Business Days prior to the date of the Meeting. Upon transfer or assignment of a Claim in accordance herewith, such transferee or assignee shall, for all purposes in accordance with the Claims Process Order, the Meeting Order, the CCAA and the Plan constitute an Affected Creditor and shall be bound by any and all notices previously given to the transferor or assignor in respect of such Claim. Such transferee or assignee shall not be entitled to set off, apply, merge, consolidate or combine any Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such person to any of the Migu Plan Companies and Claims acquired by a transferee or assignee will not merge, consolidate or combine with any of the transferee's or assignee's other Claims.

For greater certainty, the Migu Plan Companies and the Monitor shall not recognize partial transfers or assignments of Claims by Affected Creditors.

Article 4 DISTRIBUTIONS AND PAYMENTS

4.1 Distributions to Affected Creditors

(a) Convenience Creditors

On the Distribution Date, the Monitor, on behalf of the Migu Plan Companies, shall distribute to each Convenience Creditor with a Proven Claim an amount in cash equal to the lesser of (a) \$1,500 and (b) the value of such Convenience Creditor's Proven Claim.

(b) All Other Affected Creditors

On the Distribution Date, the Monitor, on behalf of the Migu Plan Companies, shall distribute to each Affected Creditor (that is not a Convenience Creditor) with a Proven Claim their *pro rata* share of the Affected Creditors' Pot.

4.2 Related Parties

Related Parties will not receive any distributions in respect of any Claims.

4.3 Delivery of Affected Creditor Distributions

Distributions to Affected Creditors under the Plan will be paid in Canadian dollars and in such manner as the Monitor shall deem appropriate, including by utilizing the bank accounts and payment process of the Debtors.

4.4 Unresolved Claims and Distributions

An Affected Creditor holding an Unresolved Claim will not be entitled to receive a distribution under the Plan in respect of any portion thereof unless and until such Unresolved Claim becomes a Proven Claim.

The Monitor, in consultation with the Migu Plan Companies, shall complete the resolution of the Unresolved Claims in accordance with the Claims Process Order, the Meeting Order, the Sanction Order and the Plan.

4.5 Taxes

In connection with the Plan and all distributions hereunder, the Migu Plan Companies shall, to the extent applicable, comply with all Tax withholding and reporting requirements imposed by any law of a federal, state, provincial, local, or foreign taxing authority, and all distributions hereunder shall be subject to, and made net of, any such withholding and reporting requirements. Notwithstanding any other provision of the Plan, each Affected Creditor that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any governmental entity, including income, withholding and other Tax obligations, on account of such distribution.

4.6 Undeliverable Distributions

If a distribution to an Affected Creditor in respect of its Proven Claim is returned as undeliverable (each, an “**Undeliverable Distribution**”), no further delivery will be required unless and until the Monitor is notified in writing of such Affected Creditor’s then current address. Any obligation to an Affected Creditor relating to an Undeliverable Distribution will expire six (6) months after the date of such distribution, after which date any liability to such Affected Creditor under the Plan will be forever barred, discharged, released and extinguished with prejudice and without compensation and the amount of such Undeliverable Distribution shall be repaid to the Miniso Purchasers. In addition, following that date, the Migu Plan Companies and the Monitor shall not be liable to the Affected Creditor or any other Person for any damages related to the Undeliverable Distribution. No interest shall be payable in respect of an Undeliverable Distribution.

4.7 Assignment of Claims Subsequent to the Meeting

After the Meeting, an Affected Creditor may transfer or assign the whole, but not part, of its Claim, provided that the Monitor shall not be obliged to make distributions to any transferee or assignee of an Affected Creditor’s Claim or otherwise deal with such transferee or assignee as an Affected Creditor in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by the

Monitor prior to 5:00 p.m. on that day that is at least five (5) Business Days prior to the Distribution Date. Upon transfer or assignment of a Claim in accordance herewith, such transferee or assignee shall, for all purposes in accordance with the Claims Process Order, constitute an Affected Creditor and shall be bound by notices given and steps taken in respect of such Affected Creditor's Claim. For greater certainty, the Migu Plan Companies shall not recognize partial transfers or assignments of Affected Creditors' Claims. A transferee or assignee of an Affected Creditor's Claim shall not be entitled to set-off, apply, merge, consolidate, or combine any such Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such transferee or assignee to any of the Migu Plan Companies.

4.8 Crown Priority Claims

Within six months after the date of the Sanction Order, the Migu Plan Companies will pay in full to Her Majesty in Right of Canada or of a province all amounts that were outstanding at the Filing Date and are of a kind that could be subject to a demand under:

- (a) subsection 224(1.2) of the *Income Tax Act*;
- (b) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts; or
- (c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
 - (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or
 - (ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.

Article 5

SANCTION ORDER AND CONDITIONS TO PLAN IMPLEMENTATION

5.1 Application for Sanction Order

If the Plan is approved by the Required Majority of the Affected Creditors Class, the Monitor, on behalf of the Debtors, shall apply to the Court for the Sanction Order. The Monitor shall use commercially reasonable efforts to obtain the Sanction Order on or before November 6, 2019.

Subject to the Sanction Order being granted and the satisfaction or waiver by the Migu Plan Companies of the Conditions Precedent, the Plan will be implemented by the Migu Plan Companies as provided in Section 6.2.

5.2 Effect of the Sanction Order

In addition to sanctioning the Plan, the Sanction Order to be sought by the Monitor will, without limitation to any other terms that it may contain:

- (a) confirm that the Meeting was duly called and held in accordance with the Meeting Order;
- (b) declare that: (i) the Plan has been approved by the Required Majority of the Affected Creditors Class in conformity with the CCAA; (ii) the Migu Plan Companies have complied with the provisions of the CCAA and all Orders in all respects; (iii) the Court is satisfied that the Migu Plan Companies have not done or purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the transactions contemplated thereby are fair and reasonable;
- (c) declare that, as at the Effective Time, the Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and the restructuring effected thereby are approved, binding and effective as herein set out upon the Migu Plan Companies, all Affected Creditors, and all other Persons affected by the Plan;
- (d) declare that the compromises, arrangements, discharges and the releases referred to in the Plan are approved and shall become binding and effective in accordance with the Plan;
- (e) compromise, discharge and release the Migu Plan Companies from any and all Affected Claims and declare that the ability of any Person to proceed against any of the Migu Plan Companies in respect of or relating to any such Affected Claims shall be forever discharged, extinguished, released and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims shall be permanently stayed against the Migu Plan Companies, subject only to the right of Affected Creditors to receive distributions pursuant to the Plan in respect of their Affected Claims;
- (f) authorize and direct the Migu Plan Companies, after the Effective Date, to complete the Plan Transactions and the Acquisition Transactions, all without the need for any further approvals or actions on the part of the Directors and Officers or any other Persons;
- (g) declare that, subject to the performance by the Migu Plan Companies of their obligations under the Plan, all obligations, contracts, agreements, leases or other arrangements to which any of the Migu Plan Companies is a party shall be and remain in full force and effect, unamended, as at the Effective Date, unless disclaimed or resiliated by the applicable Migu Plan Company prior to the

Effective Date, and no party to any such obligation or agreement shall, on or following the Effective Date, accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise disclaim or resiliate its obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such obligation or agreement, by reason:

- (i) of any event which occurred prior to, and not continuing after, the Effective Date or which is or continues to be suspended or waived under the Plan, which would have entitled any other party thereto to enforce those rights or remedies;
 - (ii) that the Migu Plan Companies have sought or obtained relief or have taken steps as part of the Plan or under the CCAA;
 - (iii) of any default or event of default arising as a result of the financial condition or insolvency of the Migu Plan Companies;
 - (iv) of the effect upon the Migu Plan Companies of the completion of any of the transactions contemplated under the Plan or the Acquisition Agreement; and
 - (v) of any compromises, settlements, restructurings and releases effected pursuant to the Plan;
- (h) pursuant to and in accordance with section 11.3 of the CCAA, order the assignment to the applicable Miniso Purchaser of any of the Store Leases not assigned pursuant to an agreement with the applicable landlord;
- (i) authorize all Persons named in the Plan to perform their functions and fulfil their obligations under the Plan to facilitate the implementation of the Plan;
- (j) declare that all distributions to the Affected Creditors under the Plan are for the account of the Migu Plan Companies and the fulfillment of the Migu Plan Companies' obligations under the Plan;
- (k) declare that the Stay Period under the Initial Order continues until the discharge of the Monitor;
- (l) confirm the releases contemplated in Section 7.2; and
- (m) authorize and direct the Monitor to apply to the Court for its discharge.

5.3 Conditions Precedent to Plan Implementation

The implementation of this Plan is subject to the satisfaction or waiver of the following Conditions Precedent on or prior to the Effective Date:

- (a) the Acquisition Agreement has been executed by the Migu Vendors and the Miniso Purchasers;

- (b) the Court shall have granted the Vesting Order;
- (c) all conditions precedent to the Acquisition Agreement shall have been satisfied or waived in accordance therewith; and
- (d) the Plan shall have been approved by the Required Majority of the Affected Creditors Class;
- (e) the Plan shall have been approved and sanctioned by the Court, and the Sanction Order and Vesting Order are in full force and effect and all applicable appeal periods in respect thereof have expired and any appeals therefrom have been finally disposed of by the applicable appellate court;
- (f) all definitive legal documentation contemplated by the Plan and the Sanction Order, and necessary to complete the Plan Transactions, shall have been finalized, executed and held in escrow for release on the Effective Date;
- (g) for each of the Store Leases, the Migu Plan Companies shall have obtained either:
 - (i) an agreement of the applicable landlords assigning the Store Leases to the applicable Miniso Purchaser; or
 - (ii) for those Store Leases in respect of which an assignment by the landlords could not be obtained, an Order assigning such Store Leases to the applicable Miniso Purchaser; and
- (h) the Miniso Purchasers shall have delivered funds to the Monitor in an amount sufficient to fund all distributions to Affected Creditors under this Plan.

Any Condition Precedent other than any statutory requirements regarding the voting, approval and sanctioning of the Plan pursuant to the provisions of the CCAA may be waived by the Migu Plan Companies with the written consent of the Miniso Purchasers.

5.4 Failure to Satisfy Conditions Precedent

If the Conditions Precedent are not satisfied or waived in accordance with Section 5.3 on or before November 15, 2019 <@> or such later date as may be agreed to by the Migu Plan Companies and the Miniso Purchasers, the Plan shall not be implemented and shall cease to have any further force or effect.

Article 6 RESTRUCTURING AND PLAN IMPLEMENTATION

6.1 Corporate and Other Authorizations

The adoption, execution, delivery, implementation and consummation of all matters contemplated under the Plan involving corporate or other action of the Migu Plan Companies will occur and be effective as of the Effective Time and will be authorized and approved under the Plan and by the Court, where appropriate, as part of the Sanction Order, in all respects and for all purposes without any requirement of further action by any of the Directors and Officers. All necessary approvals to take actions, if required, shall be deemed to have been obtained from the boards of directors of the Migu Plan Companies.

6.2 Plan Transactions

On or prior to the Effective Date, all Conditions Precedent must be satisfied or waived in accordance with the Plan and the Sanction Order, and all actions, documents, agreements and funding necessary to implement all of the following transactions must be in place and be final and irrevocable prior to the Effective Date and shall then be held in escrow and shall be released without any further act or formality and no other act or formality shall be required.

On the Effective Date, the following transactions will be deemed to have occurred:

- (a) the transfer of all Store Assets to the Miniso Purchasers; and
- (b) in accordance with the terms of the Sanction Order, the assignment to the applicable Miniso Purchaser of all Store Leases not assigned pursuant to an assignment agreement.

Notwithstanding anything to the contrary herein, after the Effective Date, the Monitor, on behalf of the Migu Plan Companies, shall take such steps as are necessary to record, document and give effect to the Plan Transactions.

Article 7 EFFECT OF PLAN

7.1 Binding Effect of the Plan

The Plan (including, without limitation, the releases and injunctions contained herein), upon being sanctioned and approved by the Court pursuant to the Sanction Order shall be binding as of the Effective Time on all Persons irrespective of the jurisdiction in which the Persons reside or in which the Claims arose and shall constitute:

- (a) full, final and absolute settlement of all rights of any Affected Creditor; and
- (b) an absolute release, extinguishment and discharge of all indebtedness, liabilities and obligations of or in respect of any Affected Claim.

7.2 Released Parties

From and after the Effective Time, each of the Released Parties will be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any indebtedness, liability, obligation, demand or cause of action of whatever nature that any Person (including any Person who may claim contribution or indemnification against or from the Released Parties) may be entitled to assert, including any and all Claims in respect of statutory liabilities of Directors and Officers, whether known or unknown, matured or unmatured, direct, indirect or derivative, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Effective Time relating to, arising out of or in connection with any Claim, including any Claim arising out of (i) the restructuring, disclaimer, resiliation, breach or termination of any contract, lease, agreement or other

arrangement, whether written or oral, (ii) the Plan; (iii) the Plan Transactions and any other transaction referenced in and relating to the Plan; and (iv) the CCAA Proceedings.

From and after the Effective Time, all Persons, along with their respective affiliates, present and former officers, directors, employees, associated individuals, auditors, financial advisors, legal counsel, other professionals, sureties, insurers, indemnities, agents, dependants, heirs, representatives and assigns, as applicable, are permanently and forever barred, estopped, stayed and enjoined, on and after the Effective Time, with respect to claims against the Released Parties, from:

- (a) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any of the Released Parties;
- (b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against any of the Released Parties or their property;
- (c) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation by way of contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who, as a result, makes or might reasonably be expected to make a claim, in any manner or forum, against any of the Released Parties;
- (d) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind; or
- (e) taking any actions to interfere with the implementation or consummation of this Plan or the transactions contemplated therein.

7.3 Claims Not Released

For clarity, nothing in Sections 7.1 or 7.2 will release or discharge:

- (a) the Migu Plan Companies from or in respect of any Unaffected Claim or its obligations to Affected Creditors under the Plan or under any Order; and
- (b) a Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct or to have been grossly negligent or, in the case of Directors, in respect of any claim referred to in section 5.1(2) of the CCAA.

7.4 Consents, Waivers and Agreements at the Effective Time

At the Effective Time, each Affected Creditor will be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety. Without limitation to the foregoing, each Affected Creditor will be deemed:

- (a) to have executed and delivered to the Migu Plan Companies all consents, assignments, releases and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety;
- (b) to have waived any default by or rescinded any demand for payment against the Migu Plan Companies that has occurred on or prior to the Effective Date;
- (c) to have agreed that, if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Affected Creditor and any of the Migu Plan Companies with respect to an Affected Claim as at the Effective Date and the provisions of the Plan, then the provisions of the Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly; and
- (d) from and after the Effective Time, such Affected Creditor shall be deemed to have waived any and all defaults of the Migu Plan Companies then existing or previously committed or caused by the Migu Plan Companies, directly or indirectly, or non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Affected Creditor and any of the Migu Plan Companies arising from the CCAA Proceedings or the transactions contemplated by the Plan and the failure by the Migu Plan Companies to receive any consent from such Affected Creditor to any transaction contemplated by the Plan and any and all notices of default and demands for payment under any instrument, including any guarantee arising from such default, shall be deemed to have been rescinded.

Article 8 GENERAL

8.1 Amendments to the Plan

Before and during the Meeting, with the prior express consent of the Miniso Purchasers, the Migu Plan Companies may at any time and from time to time, amend the Plan by written instrument and the Monitor shall post such amendment on the Website. The Monitor will advise all Affected Creditors present at the Meeting of the details of any such amendment prior to the vote being taken to approve the Resolution.

After the Meeting, with the prior written consent of the Miniso Purchasers, the Migu Plan Companies may at any time and from time to time amend the Plan:

- (a) without an Order if, in the opinion of the Monitor, such amendment would not be materially prejudicial to the interests of the Affected Creditors under the Plan or is necessary to give effect to the full intent of the Plan or the Sanction Order; or
- (b) pursuant to an Order made on notice to all Persons potentially affected by such variation, amendment, modification or supplement.

8.2 Severability

If, prior to the Effective Time, any provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Migu Plan Companies with the prior written consent of the Miniso Purchasers, may alter and interpret such provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of such provision, and such provision will then be applicable as altered or interpreted and the remainder of the provisions of the Plan will remain in full force and effect and will in no way be invalidated by such alteration or interpretation.

8.3 Deeming Provisions

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

8.4 Paramountcy

From and after the Effective Time, any conflict between the Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, bylaws of the Migu Plan Companies, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and any of the Migu Plan Companies as at the Effective Date will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order. Notwithstanding the foregoing, as between the Plan and the Sanction Order, the terms of the Sanction Order shall take precedence.

8.5 Set-Off

Subject to Sections 3.10 and 4.7, the law of set-off applies to all Affected Claims.

8.6 Responsibilities of the Monitor

The Monitor is acting in its capacity as monitor of the Debtors, including the Migu Plan Companies, in the CCAA Proceedings and not in its personal capacity and will not be responsible or liable for any obligations of the Migu Plan Companies under the Plan, including with respect to the making of distributions or the receipt of any distribution by an Affected Creditor pursuant to the Plan. The Monitor will have the powers and protections granted to it by the Plan, the CCAA and any Orders.

8.7 Different Capacities

Persons who are affected by the Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity in accordance with the Meeting Order. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless otherwise provided in the Meeting Order, or unless expressly agreed by the Person in writing.

8.8 Further Assurances

At the request of the Monitor, Migu Plan Companies or the Miniso Purchasers, each of the Persons named or referred to in, or subject to, the Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Plan and to give effect to the transactions contemplated herein, including the Plan Transactions, notwithstanding any provision of the Plan that deems any transaction or event to occur without further formality.

8.9 Governing Law

The Plan will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

8.10 Notices

Except as otherwise provided for in the Meeting Order, any other notice or other communication to be delivered or filed hereunder must be in writing and reference the Plan and may, subject as hereinafter provided, be made or given by personal delivery, ordinary mail, facsimile or by e-mail (scanned copy) addressed to the respective parties as follows:

(a) if to the Migu Plan Companies:

<@>
Attention: <@>
Email: <@>

With a copy to:

McMillan LLP
Royal Centre, 1055 West Georgia Street, Suite 1500
Vancouver, British Columbia V6E 4N7
Attention: Vicki Tickle
Email: vicki.tickle@mcmillan.ca

(b) if to the Monitor:

Alvarez & Marsal Canada Inc., in its capacity as court-appointed monitor of Migu Investments Inc. et al
400 Burrard, Street Suite 1680
Vancouver, British Columbia, Canada, V6C 3A6
Attention: Pinky Law

Email: pinky.law@alvarezandmarsal.com

With a copy to:

Dentons Canada LLP
20th Floor, 250 Howe Street
Vancouver, British Columbia V6C 3R8
Attention: John Sandrelli and Jordan Schultz
Email: john.sandrellis@dentons.com
jordan.schultz@dentons.com

or to such other address as any party may from time to time notify the others in accordance with this section. All such communications that are delivered will be deemed to have been received on the day of delivery. All such communications that are sent by facsimile or e-mail (scanned copy) will be deemed to be received on the day sent if sent before 5:00 p.m. on a Business Day and otherwise will be deemed to be received on the Business Day next following the day upon which such facsimile or e-mail (scanned copy) was sent. Any notice or other communication sent by mail will be deemed to have been received on the fifth Business Day after the date of mailing. The unintentional failure by the Migu Plan Companies to give a notice contemplated hereunder will not invalidate any action taken by any Person pursuant to the Plan. For clarity, any notice or communication in respect of a notice of dispute of claim filed with the Monitor must be delivered to the Monitor in accordance with the Claims Process Order.

DATED at the City of Vancouver, in the Province of British Columbia, this <@> day of October, 2019.

SCHEDULE “A”

DEBTORS

1. MIGU INVESTMENTS INC.
2. MINISO CANADA INVESTMENTS INC.
3. MINISO (CANADA) STORE INC.
4. MINISO (CANADA) STORE ONE INC.
5. MINISO (CANADA) STORE TWO INC.
6. MINISO (CANADA) STORE THREE INC.
7. MINISO (CANADA) STORE FOUR INC.
8. MINISO (CANADA) STORE FIVE INC.
9. MINISO (CANADA) STORE SIX INC.
10. MINISO (CANADA) STORE SEVEN INC.
11. MINISO (CANADA) STORE EIGHT INC.
12. MINISO (CANADA) STORE NINE INC.
13. MINISO (CANADA) STORE TEN INC.
14. MINISO (CANADA) STORE ELEVEN INC.
15. MINISO (CANADA) STORE TWELVE INC.
16. MINISO (CANADA) STORE THIRTEEN INC.
17. MINISO (CANADA) STORE FOURTEEN INC.
18. MINISO (CANADA) STORE FIFTEEN INC.
19. MINISO (CANADA) STORE SIXTEEN INC.
20. MINISO (CANADA) STORE SEVENTEEN INC.
21. MINISO (CANADA) STORE EIGHTEEN INC.
22. MINISO (CANADA) STORE NINETEEN INC.
23. MINISO (CANADA) STORE TWENTY INC.
24. MINISO (CANADA) STORE TWENTY-ONE INC.
25. MINISO (CANADA) STORE TWENTY-TWO INC.
26. 1120701 B.C. LTD.

SCHEDULE “B”
STORE LEASES

